



Dryden Flight Research Center
Edwards, California 93523-0273

DOP-A-004
Revision: B

Dryden Organizational Procedure

CODE A

SOCIOECONOMIC PROGRAMS

Electronically Approved by:
Chief, Acquisition Management Office

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DOCUMENT HISTORY PAGE

This page is for informational purposes and does not need to be retained with the document.

DATE APPROVED	ISSUE	PAGE	AMENDMENT DETAILS
1-15-99	Baseline		
2-23-99	Revision A		Added signature block to cover page. Changed #6 heading to MANAGEMENT SYSTEM RECORDS and deleted bldg. and room numbers from the sentence that follows.
See IDMS Document Master List	Revision B	All	Added the Definitions section. Reformatted the numbering of paragraphs in the Instructions section. Added paragraphs b & d to Section 4.1. Added paragraph a to Section 4.2. Clarified and divided the 2 nd paragraph into paragraphs b & c in Section 4.2. Deleted paragraph on pre-award Equal Opportunity compliance review and added paragraph e to Section 4.2. Changed Form A450 to Form A-24 in document. Modified this Document History Page.

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SOCIOECONOMIC PROGRAMS

1. PURPOSE

This procedure defines the process for implementing Socioeconomic Programs in DFRC procurements and establishes the course to follow in assuring all DFRC contractors are in compliance with the Small Business provisions set forth in FAR Part 19 and NFS Part 1819.

2. APPLICABLE DOCUMENTS

FAR Part 19	<i>Small Business Programs</i>
NFS Part 1819	<i>Small Business Programs</i>
NFS 1871.204	<i>Small Business Set-Asides</i>
NPD 5000.2	<i>Uniform Methodology for Determination of Small Disadvantaged Subcontracting Goals</i>
<u>DOP-A-003</u>	<i>Review and Execution of Procurement Documents</i>

3. DEFINITIONS (See FAR 19.001)

- 3.1 8(a) Program. Section 8(a) of the Small Business Act of 1953 authorizes the Small Business Administration (SBA) to serve as a prime contractor in meeting the requirements of Federal agencies. The SBA then subcontracts with small disadvantaged business concerns. The SBA's subcontractors are referred to as 8(a) contractors (See FAR 19.800(a)). The SBA is responsible for selecting the contractors for the 8(a) program based on criteria established in 13 CFR 124.101-113 (See FAR 19.802).
- 3.2 HUBZone Program. The Historically Underutilized Business Zone (HUBZone) Act of 1997 (15 U.S.C. 631) created the HUBZone Empowerment Contracting Program to encourage employment opportunities, investment and economic development in HUBZones through the establishment of preferences (See FAR 19.1301). The SBA determines the status of a small business to qualify for the HUBZone program in accordance with 13 CFR Part 126 (See FAR 19.1303(a)).
- 3.3 Nonmanufacturer Rule. The SBA requires small business concerns manufacture, or offer the product(s) of other small businesses, to qualify for small business set-asides or 8(a) program contracts (See FAR 19.001). When the acquisition is for a specific product (or class of products) for which the SBA has determined that there are no small business

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manufacturers or processors in the Federal market, then the SBA may grant a class waiver so that a nonmanufacturer does not have to furnish the product of a small business (See FAR 19.102(f)(4)).

3.4 Set-Aside. A set-aside is an acquisition reserved exclusively for small business concerns or small business concerns in HUBZones. The Contracting Officer (CO) sets aside a single acquisition or a class of acquisitions to:

- Ensure that a fair portion of Government contracts in each industry category is placed with small businesses.
- Maintain or mobilize the nation's full-productive capacity.
- Aid war or national defense programs.

3.5 Small Business Concern. A "small business concern" means a concern located in the United States that is (i) independently owned and operated, (ii) not dominate in the field of operation in which it is bidding on Government contracts, and (iii) qualified as a small business under the criteria and size standards in 13 CFR Part 121.

3.6 Small Disadvantaged Business Concern. A "small disadvantaged business concern" means a small business concern that is (i) at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or (ii) a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals.

3.7 Standard Industrial Classification Code. The Standard Industrial Classification (SIC) Code is the statistical standard underlying Federal economic statistics classified by industry. The SIC Code is intended to cover the entire field of economic activities and defines industries in categories in accordance with the composition and structure of the economy. It is the source used by the Small Business Administration (SBA) as a guide in defining the small business size standard by industry category (See FAR 19.102(h)).

3.8 Women-Owned Small Business Concern. A "women-owned small business concern" means a small business concern that is (i) at least 51 percent unconditionally owned by one or more women, or (ii) a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more women; and that has its management and daily business controlled by one or more women.

4. INSTRUCTIONS

NASA's socioeconomic policy is to provide small business, HUBZone small business, small disadvantaged business (SDB), and women-owned small business concerns (WOSB) the maximum practicable opportunities to participate in Agency acquisitions at the prime contract

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level. The participation of NASA prime contractors in providing subcontracting opportunities to such entities is also a part of NASA's commitment (See NFS 1809.201(a)(i)). DFRC Contracting Officers shall set aside acquisitions for award as appropriate in order to meet the Agency's small business goals. Portions of an acquisition may be determined to be appropriate for participation of small business, SDB, or WOSB concerns. In those cases, subcontracting goals and/or targets may be established. The following instructions provide the guidelines for the implementation of DFRC's socioeconomic program.

4.1 Pre-solicitation

- a. The Small Business Specialist (SBS) serves as the focal point for implementing the socioeconomic program at DFRC. The CO should involve the SBS early in the acquisition planning to ensure optimum opportunity for all elements of the small business community to participate in the procurement and eliminate potential issues that could delay the action. The SBS is proactive in the acquisition planning process by continually interviewing small business firms and maintaining a database of experienced and emerging firms that desire to do business with DFRC. The SBS will advise the CO as to the existence and capabilities of small business firms and regularly reviews the DFRC acquisition forecast to determine upcoming actions that could be set aside for small business firms.
- b. During the planning phase of the procurement, the CO has the primary responsibility, in consultation with the SBS, to determine the SIC Code and size standard applicable to the respective procurement action. The CO selects the SIC code for the industry whose definition best describes the principal nature of the product or service being acquired. The CO then identifies the size standard the SBA established for that industry (See FAR 19.102(b)). When acquiring a product or service that could be classified in two or more industries with different size standards, the CO will apply the size standard for the industry accounting for the greatest percentage of the contract price (See FAR 19.102(d)).
- c. The CO will review information from market research on small business availability, capability, and pricing. The CO will determine whether the requirement is covered by a small business reservation or a class set-aside. If applicable, a determination is made on whether the nonmanufacturing rule has been waived or should be waived. The CO will also evaluate the acquisition for possible placement into the SBA's 8(a) and/or HUBZone program. Potential 8(a) sources (See FAR 19.803) can be identified from:
 - SBA search letters that request contracting activities to match agency requirements with an 8(a) firm's capabilities.
 - SBA requests that a specific requirement be set aside for an 8(a) firm.
 - Acquisition histories or SBA directories containing profiles of 8(a) contractors.

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d. The CO will make a determination whether the requirement should proceed under FAR Subpart 19.5 as a small business set-aside, under FAR Subpart 19.8 as a Section 8(a) award, or under FAR Subpart 19.13 as a HUBZone set-aside. The CO may seek assistance from the SBS in identifying potential procurement actions for meeting the small business program goals. The small business programs can be divided into the following categories:

(1) 8(a) Awards

Under the 8(a) program, contracts are awarded to the SBA for performance by eligible 8(a) firms on either a sole source or competitive basis. In determining the extent to which a requirement should be offered in support of the 8(a) program (See FAR 19.804-1), the CO should take into account:

- Quantity Requirements.
- Plans to acquire similar deliverables.
- Whether the deliverables were previously acquired under small business set-asides.
- Extent to which 8(a) sources will need contracting assistance.
- Performance or delivery requirements.
- Impact of any delay.
- The technical ability and capacity to perform of the 8(a) sources.
- Problems encountered in prior acquisitions from the 8(a) contractors.

The CO shall notify the cognizant SBA district office of plans to place an 8(a) contract (See FAR 19.804-2).

(2) HUBZone 8(a) Awards

Before deciding to set aside an acquisition in accordance with FAR Subpart 19.5 or 19.13, the CO should review the acquisition for offering under the 8(a) Program. In making this decision, the CO is advised that the SBA will give first priority to HUBZone 8(a) concerns (See FAR 19.800(d)).

(3) Total HUBZone Set-Aside and Sole Source Awards

Under a total HUBZone set-aside, competition for the entire requirement is limited to SBA's *List of Qualified HUBZone Small Business Concerns*. The CO sets aside any acquisition over \$100,000 for HUBZone small business participation when there is a reasonable expectation that (i) offers will be obtained from at least two concerns and (ii) award will be made at fair market prices (See FAR 19.1305). Acquisitions exceeding the micro-purchase threshold but not exceeding \$100,000 may also be set aside as a HUBZone set-aside at the CO's discretion. The CO is to consider HUBZone set-asides before considering HUBZone sole source awards (See FAR 19.1306) or small business set-asides.

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(4) Total Small Business Set-Aside for Acquisitions Under \$100,000

Simplified acquisitions exceeding \$2,500 but not exceeding \$100,000 are reserved for small business concerns (See FAR 13.003(b)). An exception is if the CO determines that there is no reasonable expectation of obtaining quotations from two or more responsible small business concerns that will be competitive in terms of market price, quality, and delivery (See FAR 19.502-2(a)). Other exceptions are for HUBZone set-asides and sole source awards.

(5) Total Small Business Set-Aside for Acquisitions Under Midrange Procedures

Acquisitions processed under NASA's Midrange Procedures are reserved for small business concerns unless otherwise justified per NFS 1871.204.

(6) Total Small Business Set-Aside Over \$100,000

Under a total set-aside, the entire amount of an individual acquisition or class of acquisitions is reserved for small business concerns. In general, the CO establishes a total set-aside for small business concerns when there is a reasonable expectation that (i) offers will be obtained from at least two responsible small business concerns offering the products of different small business concerns and (ii) award will be made at fair market prices (See FAR 19.502-2(b)).

(7) Partial Small Business Set-Aside

Under a partial set-aside, part of the requirement is reserved exclusively for small business concerns. This may happen when a requirement is too large to be filled entirely by a small business. To establish a partial set-aside, the requirement must be divisible into two or more economic production runs or reasonably sized lots and at least one or more small businesses can furnish one or more of the runs or lots at fair market prices (See FAR 19.503).

e. The DFRC Small Business Review Sheet (FORM A-24) formally documents the socioeconomic planning process (including SIC and size standard, set-aside determination, and subcontracting goals/rationale) for implementing the socioeconomic programs at DFRC. The CO shall prepare a Form A-24 for new work acquisitions except:

- Government orders
- Micro-purchases (\$2,500 or less, including credit cards)
- Federal Supply Service Contracts (orders placed against GSA contracts)
- Purchases from required sources of supply under FAR/NFS Part 8
- Tariff controlled procurements

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If the CO does not set aside for small business an acquisition exceeding \$100,000, then the CO shall submit to the SBS the Form A-24 along with the acquisition package for review. After discussing the acquisition with the CO, the cognizant technical personnel, and/or the SBA; the SBS shall make a recommendation to the CO whether the acquisition should proceed either as (i) an 8(a) award, (ii) a HUBZone set-aside, (iii) a small business set-aside, (iv) full or open competition, or (v) other than full or open competition. The Form A-24 may be reviewed by the SBA Procurement Center Representative (PCR) on an as requested basis. In the event the CO, the SBS and the SBA's PCR cannot reach agreement on an issue; the matter shall be forwarded to the DFRC Procurement Officer for resolution in accordance with NFS 1819.5.

4.2 Solicitation and Award Phase

- a. The CO shall insert into the solicitation the provisions and clauses applicable to the selected small business program. Prepare the justifications (if necessary) and obtain required approvals (if any) for decisions on limiting competition to small business concerns.
- b. The CO shall require offerors to submit a small business subcontracting plan pursuant to FAR 19.702 and 19.705-2 unless the contract:
 - Is awarded to a small business concern or through the 8(a) program,
 - Will be performed entirely outside the United States including its territories and possessions, or
 - Is for personal services.

The solicitation shall incorporate the subcontracting requirement by inserting the appropriate FAR clause (See FAR 19.708).

- c. As solicitations are being developed, the CO is responsible for initially developing the proposed subcontracting percentage goals. For acquisitions expected to exceed \$50 million, the methodology for establishing goals in subcontracting is set forth in NPD 5000.2, *Uniform Methodology for Determination of Small Disadvantaged Subcontracting Goals*. This methodology may also be used in acquisitions under \$50 million (See NFS 1819.705-470). The CO shall ensure that all solicitations having subcontracting goals also contain specific instructions to the offerors regarding submission of subcontracting plans and clearly state the required subcontracting goals. In addition, for such solicitations, the CO shall ensure that evaluation criteria within the solicitation clearly show how the subcontracting plan and goals will be considered in the evaluation.
- d. The CO shall review all subcontract plans for adequacy before submitting the plans to the SBS for review and approval (See FAR 19.704 and 19.705-4). An exception is made for proposals submitted in response to Source Evaluation Board/Committee

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(SEB/C) solicitations. These proposals will be reviewed initially by both the CO and SBS (as an ex-officio SEB/C evaluator) for compliance with the socioeconomic features of the solicitation. For non SEB/C actions, the CO will request assistance of the SBS as necessary in reviewing plans contained in offers received, but will, in all cases, submit the offers that are within the Competitive Range to the SBS for review. Any issues with the proposed plans will be forwarded to the CO for resolution. The SBS will then forward the plans to the SBA PCR, using its subcontracting plan review as part of the contract award and review process.

- e. The CO shall coordinate with the SBS on resolution of problems/questions (i) in regard to SDB status under FAR Subpart 19.3, (ii) in application of price evaluation adjustment under FAR 19.11, and (iii) in SDB participation under FAR Subpart 19.12.

4.3 Administration Phase

The CO shall monitor the achievement of subcontracting goals specified in DFRC contracts and take appropriate action in the event subcontracting goals are not being achieved. The CO shall document the contract file accordingly.

5. REVIEW AND APPROVAL

- a. A Form A-24 shall be prepared by the CO and processed in accordance with [DOP-A-003](#). The executed Form A-24 shall be returned to the CO and filed in the official contract file.
- b. Individual subcontracting plans and revisions thereto will be submitted to the SBS for review. The plan will be returned to the CO for filing in the official contract file.

6. MANAGEMENT SYSTEM RECORDS

Management System Records are maintained in the Acquisition Management Office.